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ANNOUNCEMENT OF WELFARE REFORM PACKAGE

August 6, 1977

Opening Remarks:

As I pledged during my campaign for the Presidency,
I am today asking Congress to totally scrap our
existing welfare system and replace it with a ~~Job~~ *Program*
For Better Jobs and Income
~~Opportunity and Income Support Program~~, which will
provide job opportunities for those able to work and
a simplified, uniform cash assistance program for those
unable to work due to disability, age or family
circumstances.

PROGRAM FOR BETTER JOBS & INCOME

The Need for Reform

(intensive)

In May, after almost four months of study, I said that the welfare system was worse than I expected. I stand by that conclusion. ^{of the complex array of individual} Each program has a high purpose and serves ^{some} ~~many~~ needy people; but taken as a whole the system is neither rational nor fair. The welfare system is anti-work and anti-family, ^{unfair to} ~~inequitable in its treatment of~~ the poor and wasteful of taxpayers' dollars. The defects of the current system are clear:

- It treats people ^{differently who have} with similar needs in ~~disparate~~ ^{and} ~~fashion with different~~ eligibility requirements ^{very} for each program.
- It creates exaggerated differences in benefits based ^{on where people live,} ~~on state of residence.~~
- It ^{encourages the breaking of families.} ~~provides incentives for family breakup.~~ In most cases two-parent families are not eligible for cash assistance ^{and} ~~and~~ therefore, ^{and} a working father ^{can} often can increase his family's income by leaving home.
- It discourages work. In one midwestern state, for example, a father who leaves part-time employment paying \$2400 for a full-time job paying \$4800 can lose more than \$1250.

Well intentioned

- At the same time, ^{finally} efforts to find jobs for current recipients have floundered.
- And ^{and regulations} the complexity of current programs leads to waste, fraud, red tape, and errors. HEW has recently discovered even government workers unlawfully receiving benefits, and numbers of people receive benefits in more than one community at the same time.

^{there is no}
~~The solutions to these problems are not easy -- and~~
^{for these difficult problems}
 perfect solution, ~~can be perfect~~; but it is time to begin. The welfare system is too hopeless to be cured by minor modifications. We must make a complete and clean break with the past.

Short Summary

does just that. it

The program I propose will provide:

- Jobs for those who need work.
- A work bonus for those who work but whose incomes are inadequate to support their families.
- Income support for those able to work part-time or who are unable to work due to age, physical disability or the need to care for children six years of age or younger.
- An earned income tax credit to ~~integrate the tax system with the new plan~~, strengthen work incentives, and provide tax relief for working families who have been hard hit by payroll tax increases.

Accomplishments of Plan

If enacted by the Congress, this new program will:

[This new program will:]

- Significantly reduce the number of people who rely primarily on welfare payments, by doubling the number of single-parent ^{families} ~~family heads who~~ support ^{ed} ~~their families~~ primarily through work.
- Ensure that work will always be more profitable than welfare, and that a private or non-subsidized public job will always be more profitable than a special federally-funded public service job.
- Combine effective work requirements, strong work incentives, improved private sector placement services, and creation of up to 1.4 million public service jobs. Those who can work will work, and every family with a full-time worker will have an income substantially above the poverty line.
- Provide increased benefits and more sensitive treatment to those most in need.
- Reduce complexity by consolidating the current assistance programs, all of which have differing eligibility requirements.
- Provide strong incentives to keep families together rather than tear them apart, and offering the dignity of useful work to family heads.

- Reduce fraud and error and accelerate efforts to assure that deserting fathers meet their obligations to their families.
- Give substantial financial relief -- \$2 billion -- to hard-pressed State and local governments.

Cost

In my May 2, 1977 statement I established as a goal that the new reformed system involve no higher initial cost than the present system. ~~It was my belief that fundamental reform was possible within the confines of current expenditures if the system were made~~ ^{by making the new program} more rational and efficient.

Thereafter, Secretary Califano outlined a tentative no-cost plan which embodied the major reform we are seeking.

It was a ^{good} ~~strong~~ plan. ~~And~~ After careful consultation with State and local leaders, members of Congress, and many interested persons throughout the country, we have provided \$2.8 billion in added benefits.

The additional funds ~~would~~ ^{will} be used to make important improvements in our original plan:

- Increased fiscal relief has been provided for states and localities, particularly for those which have borne the greatest financial burdens.
- Incentives which strengthen family ties have been improved.

- A deduction for child care will permit and encourage single parents to take work which will lift them out of poverty.
- Up to 300,000 additional part-time jobs have been added for single parent families with school age children (if adequate day care is available, such parents will be expected to accept full-time jobs).
- And the Earned Income Tax Credit in the tax code has been expanded to provide tax relief for many who receive no income assistance, work, and have been hard hit by payroll tax increases.

With these improvements the Employment and Income Opportuntiy Program will help turn low income Americans away from welfare dependence with a system that is fair, and fundamentally based on work for those who can and should work.

People in poverty want to work, and most of them do. This program is intended to give them the opportunity for self-support by providing jobs for those who need them, and by increasing the rewards from working for those who earn low wages.

use ending on page 8.

-- SUGGESTED CLOSING --

(I hope the Congress will act quickly, and pass this program next year.)

#

Longer Program Summary

The Employment and Income Opportunity Program has the following major elements:

- Strengthened services through the employment and training system for placement in private sector jobs.
- Creation of up to 1.4 million public service and training positions for principal earnings in families with children, at or slightly above the minimum wage.
- Expansion of the Earned Income Tax Credit to provide tax reduction up to a maximum of \$654 for a family of four earning about \$9,000.

- Strong work requirements applying to single persons, childless couples and family heads, with work requirements of a more flexible nature for single-parent family heads with children aged 6 to 14.
- A Work Bonus for two-parent families, single-parent families with older children, singles and childless couples. The Federal benefit for a family of four would be a maximum of \$2,300 and, after \$3,800 of earnings, would be reduced fifty cents for each dollar of earnings.
- Income Support for single-parent families with younger children and aged, blind or disabled persons. The Federal benefit would be a base of \$4,200 for a family of four and would be reduced fifty cents for each dollar of earnings.
- New eligibility requirements for cash assistance which insure that benefits go to those most in need.
- Fiscal relief to States and localities of \$2 billion in the first year, growing in subsequent years.
- Simple rules for state supplements to the basic program, in which the Federal Government will bear a share of the cost.

Program for Better

The ~~Jobs and Income Security Program~~ stresses the fundamental American commitment to work, strengthens the family, respects the less advantaged in our society, and makes a far more efficient and effective use of our hard-earned tax dollars.

I suggest this close.
JSM ok
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THE WHITE HOUSE
WASHINGTON

August 5, 1977

Mr. President:

Attached is the proposed
statement for your press
conference on Welfare Reform
August 6, 1977.

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ANNOUNCEMENT OF WELFARE REFORM PACKAGE

August 6, 1977

AS I PLEDGED DURING MY CAMPAIGN FOR THE PRESIDENCY, I AM TODAY ASKING CONGRESS TO TOTALLY SCRAP OUR EXISTING WELFARE SYSTEM AND REPLACE IT WITH A PROGRAM FOR BETTER JOBS AND INCOME, WHICH WILL PROVIDE JOB OPPORTUNITIES FOR THOSE ABLE TO WORK AND A SIMPLIFIED, UNIFORM CASH ASSISTANCE PROGRAM FOR THOSE UNABLE TO WORK DUE TO DISABILITY, AGE OR FAMILY CIRCUMSTANCES.

IN MAY, AFTER ALMOST FOUR MONTHS OF STUDY, I SAID THAT THE WELFARE SYSTEM WAS WORSE THAN I EXPECTED. I STAND BY THAT CONCLUSION. EACH PROGRAM HAS A HIGH PURPOSE AND SERVES MANY NEEDY PEOPLE; BUT TAKEN AS A WHOLE THE SYSTEM IS NEITHER RATIONAL NOR FAIR. THE WELFARE SYSTEM IS ANTI-WORK, ANTI-FAMILY, INEQUITABLE IN ITS TREATMENT OF THE POOR AND WASTEFUL OF TAXPAYERS' DOLLARS. THE DEFECTS OF THE CURRENT SYSTEM ARE CLEAR:

-- IT TREATS PEOPLE WITH SIMILAR NEEDS IN DIFFERING FASHION WITH SEPARATE ELIGIBILITY REQUIREMENTS FOR EACH PROGRAM.

- IT CREATES EXAGGERATED DIFFERENCES IN BENEFITS BASED ON STATE OF RESIDENCE.
- IT PROVIDES INCENTIVES FOR FAMILY BREAKUP. (IN MOST CASES TWO-PARENT FAMILIES ARE NOT ELIGIBLE FOR CASH ASSISTANCE AND, THEREFORE, A WORKING FATHER OFTEN CAN INCREASE HIS FAMILY'S INCOME BY LEAVING HOME.)
- IT DISCOURAGES WORK. (IN ONE MIDWESTERN STATE, A FATHER WHO LEAVES A \$2400 PART-TIME JOB FOR A FULL-TIME JOB PAYING \$4800 CAN LOSE MORE THAN \$1250.)
- AT THE SAME TIME, EFFORTS TO FIND JOBS FOR CURRENT RECIPIENTS HAVE FLOUNDERED.
- AND THE COMPLEXITY OF CURRENT PROGRAMS LEADS TO WASTE, FRAUD, RED TAPE, AND ERRORS. HEW HAS RECENTLY DISCOVERED FEDERAL GOVERNMENT WORKERS UNLAWFULLY RECEIVING WELFARE BENEFITS, AND NUMBERS OF PEOPLE RECEIVE BENEFITS IN MORE THAN ONE COMMUNITY AT THE SAME TIME.

THE SOLUTIONS TO THESE PROBLEMS ARE NOT EASY -- AND NO SOLUTION CAN BE PERFECT; BUT IT IS TIME TO BEGIN. THE WELFARE SYSTEM IS TOO HOPELESS TO BE CURED BY MINOR MODIFICATIONS. WE MUST MAKE A CLEAN BREAK WITH THE PAST.

THE PROGRAM I PROPOSE WILL PROVIDE:

- JOBS FOR THOSE WHO NEED WORK.
- A WORK BENEFIT FOR THOSE WHO WORK BUT WHOSE INCOMES ARE NOT ADEQUATE TO SUPPORT THEIR FAMILIES.
- INCOME SUPPORT FOR THOSE WHO REQUIRE HELP DUE TO AGE, PHYSICAL DISABILITY OR THE NEED TO CARE FOR YOUNG CHILDREN.
- AN EXPANDED EARNED INCOME TAX CREDIT TO INTEGRATE THE TAX SYSTEM WITH THE NEW PLAN, STRENGTHEN WORK INCENTIVES, AND PROVIDE TAX RELIEF FOR WORKING FAMILIES WHO HAVE BEEN HARD HIT BY PAYROLL TAX INCREASES.
- STRONG WORK REQUIREMENTS APPLYING TO SINGLE PERSONS, CHILDLESS COUPLES AND FAMILY HEADS, WITH WORK REQUIREMENTS OF A MORE FLEXIBLE NATURE FOR SINGLE-PARENT FAMILY HEADS WITH CHILDREN 7 TO 14. SINGLE-PARENT FAMILY HEADS WITH PRE-SCHOOL AGED CHILDREN ARE NOT REQUIRED TO WORK.

THIS NEW PROGRAM WILL:

- SIGNIFICANTLY REDUCE THE NUMBER OF PEOPLE WHO RELY PRIMARILY ON WELFARE PAYMENTS, BY DOUBLING THE NUMBER OF SINGLE-PARENT FAMILY HEADS WHO SUPPORT THEIR FAMILIES PRIMARILY THROUGH WORK.
- ENSURE THAT WORK WILL ALWAYS BE MORE PROFITABLE THAN WELFARE, AND THAT A PRIVATE OR NON-SUBSIDIZED PUBLIC JOB WILL ALWAYS BE MORE PROFITABLE THAN A SPECIAL FEDERALLY-FUNDED PUBLIC SERVICE JOB.

- COMBINE EFFECTIVE WORK REQUIREMENTS, STRONG WORK INCENTIVES, IMPROVED PRIVATE SECTOR PLACEMENT SERVICES, AND CREATION OF UP TO 1.4 MILLION PUBLIC SERVICE JOBS. THOSE WHO CAN WORK MUST WORK, AND EVERY FAMILY WITH A FULL-TIME WORKER WILL HAVE AN INCOME SUBSTANTIALLY ABOVE THE POVERTY LINE.
- PROVIDE INCREASED BENEFITS AND MORE SENSITIVE TREATMENT TO THOSE MOST IN NEED.
- REDUCE COMPLEXITY BY CONSOLIDATING THE CURRENT ASSISTANCE PROGRAMS, ALL OF WHICH HAVE DIFFERING ELIGIBILITY REQUIREMENTS.
- PROVIDE STRONG INCENTIVES TO KEEP FAMILIES TOGETHER RATHER THAN TEAR THEM APART, AND OFFER THE DIGNITY OF USEFUL WORK TO FAMILY HEADS.
- REDUCE FRAUD AND ERROR AND ACCELERATE EFFORTS TO ASSURE THAT DESERTING FATHERS MEET THEIR OBLIGATIONS TO THEIR FAMILIES.
- GIVE SUBSTANTIAL FINANCIAL RELIEF -- \$2 BILLION -- TO HARD-PRESSED STATE AND LOCAL GOVERNMENTS.

IN MY MAY 2, 1977 STATEMENT I ESTABLISHED AS A GOAL THAT THE NEW REFORMED SYSTEM INVOLVE NO HIGHER INITIAL COST THAN THE PRESENT SYSTEM. IT WAS MY BELIEF THAT FUNDAMENTAL REFORM WAS POSSIBLE WITHIN THE CONFINES OF CURRENT EXPENDITURES IF THE SYSTEM WERE MADE MORE RATIONAL AND EFFICIENT.

THEREAFTER, SECRETARY CALIFANO OUTLINED A TENTATIVE NO COST PLAN WHICH EMBODIED THE MAJOR REFORM WE ARE SEEKING.

IT WAS A GOOD PLAN AND WE HAVE MADE IT BETTER. AFTER CAREFUL CONSULTATION WITH STATE AND LOCAL LEADERS, MEMBERS OF CONGRESS, AND MANY INTERESTED PERSONS THROUGHOUT THE COUNTRY, WE HAVE PROVIDED \$2.8 BILLION IN ADDED BENEFITS.

THE ADDITIONAL FUNDS WOULD BE USED TO MAKE IMPORTANT IMPROVEMENTS IN OUR ORIGINAL PLAN:

- INCREASED FISCAL RELIEF HAS BEEN PROVIDED FOR STATES AND LOCALITIES, PARTICULARLY FOR THOSE WHICH HAVE BORNE THE GREATEST FINANCIAL BURDENS.
- INCENTIVES WHICH STRENGTHEN FAMILY TIES HAVE BEEN IMPROVED.
- A DEDUCTION FOR CHILD CARE WILL PERMIT AND ENCOURAGE SINGLE PARENTS TO TAKE WORK WHICH WILL LIFT THEM OUT OF POVERTY.
- UP TO 300,000 ADDITIONAL PART-TIME JOBS HAVE BEEN ADDED FOR SINGLE PARENT FAMILIES WITH SCHOOL AGE CHILDREN (IF ADEQUATE DAY CARE IS AVAILABLE, SUCH PARENTS WILL BE EXPECTED TO ACCEPT FULL-TIME JOBS).

IN ADDITION, TO THESE INCREASES, THE EARNED INCOME TAX CREDIT IN THE TAX CODE HAS BEEN EXPANDED TO PROVIDE TAX RELIEF FOR MANY WHO RECEIVE NO INCOME ASSISTANCE, WHO WORK, AND WHO HAVE BEEN HARD HIT BY PAYROLL TAX INCREASES.

WITH THESE IMPROVEMENTS THE PROGRAM FOR BETTER JOBS AND INCOME WILL HELP TURN LOW INCOME AMERICANS AWAY FROM WELFARE DEPENDENCE WITH A SYSTEM THAT IS FAIR, AND FUNDAMENTALLY BASED ON WORK FOR THOSE WHO CAN AND SHOULD WORK.

PEOPLE IN POVERTY WANT TO WORK, AND MOST OF THEM DO. THIS PROGRAM IS INTENDED TO GIVE THEM THE OPPORTUNITY FOR SELF-SUPPORT BY PROVIDING JOBS FOR THOSE WHO NEED THEM, AND BY INCREASING THE REWARDS FROM WORKING FOR THOSE WHO EARN LOW WAGES.

THE PROGRAM FOR BETTER JOBS AND INCOME STRESSES THE FUNDAMENTAL AMERICAN COMMITMENT TO WORK, STRENGTHENS THE FAMILY, RESPECTS THE LESS ADVANTAGED IN OUR SOCIETY, AND MAKES A FAR MORE EFFICIENT AND EFFECTIVE USE OF OUR HARD-EARNED TAX DOLLARS.

I HOPE THE CONGRESS WILL PASS THIS PROGRAM EARLY NEXT YEAR.

August 6, 1977

Office of the White House Press Secretary

THE WHITE HOUSE

TO THE CONGRESS OF THE UNITED STATES:

As I pledged during my campaign for the Presidency I am asking the Congress to abolish our existing welfare system, and replace it with a job-oriented program for those able to work and a simplified, uniform, equitable cash assistance program for those in need who are unable to work by virtue of disability, age or family circumstance. The Program for Better Jobs and Income I am proposing will transform the manner in which the Federal government deals with the income needs of the poor, and begin to break the welfare cycle.

The program I propose will provide:

- Job opportunities for those who need work.
- A Work Benefit for those who work but whose incomes are inadequate to support their families.
- Income Support for those able to work part-time or who are unable to work due to age, physical disability or the need to care for children six years of age or younger.

This new program will accomplish the following:

- Dramatically reduce reliance on welfare payments by doubling the number of single-parent family heads who support their families primarily through earnings from work.
- Ensure that work will always be more profitable than welfare, and that a private or non-subsidized public job will always be more profitable than a special federally-funded public service job.
- Combine effective work requirements and strong work incentives with improved private sector placement services, and create up to 1.4 million public service jobs. Forty-two percent of those jobs may be taken by current AFDC recipients. Those who can work will work, and every family with a full-time worker will have an income substantially above the poverty line.
- Provide increased benefits and more sensitive treatment to those most in need.
- Reduce complexity by consolidating the current AFDC, Supplemental Security Income (SSI), and Food Stamp programs, all of which have differing eligibility requirements, into a single cash assistance program, providing for the first time a uniform minimum Federal payment for the poor.

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- Provide strong incentives to keep families together rather than tear them apart, by offering the dignity of useful work to family heads and by ending rules which prohibit assistance when the father of a family remains within the household.
- Reduce fraud and error and accelerate efforts to assure that deserting fathers meet their obligations to their families.
- Give significant financial relief to hard-pressed State and local governments.

The Need for Reform

In May, after almost four months of study, I said that the welfare system was worse than I expected. I stand by that conclusion. Each program has a high purpose and serves many needy people; but taken as a whole the system is neither rational nor fair. The welfare system is anti-work, anti-family, inequitable in its treatment of the poor and wasteful of taxpayers' dollars. The defects of the current system are clear:

- It treats people with similar needs in different fashion with separate eligibility requirements for each program.
- It creates exaggerated difference in benefits based on state of residence. Current combined state and Federal AFDC benefits for a family of four with no income vary from \$720 per year in Mississippi to \$5,954 in Hawaii.
- It provides incentives for family breakup. In most cases two-parent families are not eligible for cash assistance and, therefore, a working father often can increase his family's income by leaving home. In Michigan a two-parent family with the father working at the minimum wage has a total income, including tax credits and food stamps, of \$5,922. But if the father leaves, the family will be eligible for benefits totalling \$7,076.
- It discourages work. In one Midwestern state, for example, a father who leaves part-time employment paying \$2,400 for a full-time job paying \$4,300 reduces his family's income by \$1,250.
- Efforts to find jobs for current recipients have floundered.
- The complexity of current programs leads to waste, fraud, red tape, and errors. HEW has recently discovered even government workers unlawfully receiving benefits, and numbers of people receive benefits in more than one jurisdiction at the same time.

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The solutions to these problems are not easy -- and no solution can be perfect; but it is time to begin. The welfare system is too hopeless to be cured by minor modifications. We must make a complete and clean break with the past.

People in poverty want to work, and most of them do. This program is intended to give them the opportunity for self-support by providing jobs for those who need them, and by increasing the rewards from working for those who earn low wages.

Program Summary

The Program for Better Jobs and Income has the following major elements:

- Strengthened services through the employment and training system for placement in the private sector jobs.
- Creation of up to 1.4 million public service and training positions for principal earners in families with children, at or slightly above the minimum wage through state and local government and non-profit sponsors.
- An expansion of the Earned Income Tax Credit to provide an income supplement of up to a maximum of well over \$600 for a family of four through the tax system, by a 10% credit for earnings up to \$4,000, a 5% credit for earnings from \$4,000 to the entry point of the positive tax system, and a declining 10% credit thereafter until phase-out. A major share of the benefit will accrue to hard-pressed workers with modest incomes struggling successfully to avoid welfare.
- Strong work requirements applying to single persons, childless couples and family heads, with work requirements of a more flexible nature for single-parent family heads with children aged 7 to 14. Single-parent family heads with pre-school aged children are not required to work.
- A Work Benefit for two-parent families, single-parent families with older children, singles and childless couples. The Federal benefit for a family of four would be a maximum of \$2,300 and, after \$3,800 of earnings, would be reduced fifty cents for each dollar of earnings.
- Income Support for single-parent families with younger children and aged, blind or disabled persons. The Federal benefit would be a base of \$4,200 for a family of four and would be reduced fifty cents for each dollar of earnings.
- New eligibility requirements for cash assistance which insure that benefits go to those most in need.

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- Fiscal relief to States and localities of \$2 billion in the first year, growing in subsequent years.
- Simple rules for state supplements to the basic program, in which the Federal government will bear a share of the cost.

Costs

In my May 2, 1977 statement I established as a goal that the new reformed system involve no higher initial cost than the present system. It was my belief that fundamental reform was possible within the confines of current expenditures if the system were made more rational and efficient. That belief has been borne out in our planning. Thereafter, Secretary Califano outlined a tentative no cost plan which embodied the major reform we have been seeking:

- Consolidation of programs.
- Incentives to work.
- Provision of jobs.
- Establishment of a national minimum payment.
- Streamlined administration.
- Incentives to keep families together.
- Some fiscal relief for State and local governments.

Subsequently, we have consulted with State and local officials and others who are knowledgeable in this area. As a result of those consultations we have gone beyond the no cost plan to one with modest additional cost in order to provide more jobs, particularly for current AFDC family heads, additional work incentives, broader coverage for needy families and greater fiscal relief for states and localities.

The Program for Better Jobs and Income will replace \$26.3 billion in current programs which provide income assistance to low-income people. In addition, the program will produce savings in other programs amounting to \$1.6 billion. The total amount available from replaced programs and savings is \$27.9 billion.

CURRENT FEDERAL EXPENDITURES AND SAVINGS (1978 Dollars)

Expenditures

AFDC	\$6.4 billion
SSI	\$5.7 billion
Food Stamps	\$5.0 billion
Earned Income Tax Credit	\$1.3 billion
Stimulus Portion of CETA Public Jobs	\$5.5 billion

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WIN Program	\$0.4 billion
Extended Unemployment Insurance Benefits (27-39 weeks)	\$0.7 billion
Rebates of per capita share of Wellhead Tax Revenues to Low- Income People if Passed by Congress ¹	<u>\$1.3 billion</u>
Sub-Total	\$26.3 billion

Savings (1978 Dollars)

Decreased Unemployment Insurance Expenditures	\$0.4 billion
HEW Program to Reduce Fraud and Abuse	\$0.4 billion
Decreased in Required Housing Subsidies Due to Increased Income ²	\$0.5 billion
Increases in Social Security Contributions ³	<u>\$0.3 billion</u>
Sub-total	\$1.6 billion
TOTAL	\$27.9 billion

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- 1 The National Energy plan calls for rebate of the wellhead tax revenues to taxpayers through the income tax system and to "the poor who do not pay taxes" in effect through income maintenance programs.
 - 2 This does not decrease housing programs nor reduce the amount of cash assistance paid to residents of subsidized housing. It is merely an estimate of the savings to the Department of Housing and Urban Development's housing subsidy programs on account of higher incomes going to tenants under the new program.
 - 3 This does not increase anyone's Social Security Tax, nor does it take any money out of the Social Security Trust Funds. It merely recognizes that the millions of people taken off of dependence on welfare and given a job will become contributors to the Social Security System.

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The new Program for Better Jobs and Income will have a total cost of \$30.7 billion. The additional cost of the program above existing costs is \$2.8 billion in spending. In addition, \$3.3 billion of tax relief is given to working low and moderate income taxpayers through an expanded income tax credit.

COST OF NEW PROGRAM

Work Benefit and Income Support	\$20.4 billion
Earned Income Tax Credit ⁴	\$ 1.5 billion
Employment and Training	<u>\$ 8.8 billion</u>
TOTAL	\$30.7 billion

The additional cost above current expenditures has been used to make important improvements in our original plan:

- Increased fiscal relief has been provided for states and localities, particularly for those which have borne the greatest financial burdens.
- Incentives which strengthen family ties have been improved by adopting a broader definition of eligible applicants to permit more generous payment than in the earlier plan to older persons and young mothers with children who live in extended families.
- Work incentives for low wage workers have been increased by expanding the Earned Income Tax Credit for those in private and non-subsidized public work to cover and supplement approximately twice the income covered by the existing EITC.
- A deduction for child care will permit and encourage single parents to take work which will lift them out of poverty.
- Up to 300,000 additional part-time jobs have been added for single parent families with school age children (if adequate day care is available, such parents will be expected to accept full-time jobs).

With these improvements the Program for Better Jobs and Income will help turn low income Americans away from welfare dependence with a system that is fair, and fundamentally based on work for those who can and should work.

⁴ This is the cost of the portion of the expanded EITC which will be received by those who do not pay income taxes. Income taxpayers with families will receive benefits totalling \$3.3 billion.

PROGRAM DETAIL

Employment Services and Job Search

A central element of this proposal is a new effort to match low-income persons with available work in the private and public sector. It will be the responsibility of State and local officials to assure an unbroken sequence of employment and training services, including job search, training, and placement. Prime sponsors under the Comprehensive Employment and Training Act, state employment service agencies, and community-based organizations will play major roles in this effort.

Jobs for Families

A major component of the program is a national effort to secure jobs for the principal wage earners in low income families with children. The majority of poor families -- including many who are on welfare for brief periods of time -- depend upon earnings from work for most of their income. People want to support themselves and we should help them do so. I propose that the Federal government assist workers from low income families to find regular employment in the private and public sectors. When such employment cannot be found I propose to provide up to 1.4 million public service jobs (including part-time jobs and training) paying at the minimum wage, or slightly above where states supplement the basic Federal program.

This program represents a commitment by my Administration to ensure that families will have both the skills and the opportunity for self-support.

This new Public Service Employment Program is carefully designed to avoid disruptive effects to the regular economy:

- Applicants will be required to engage in an intensive 5-week search for regular employment before becoming eligible for a public service job. Those working in public service employment will be required to engage in a period of intensive job search every 12 months.
- In order to encourage participants to seek employment in the regular economy, the basic wage rate will be kept at, or where states supplement, slightly above, the minimum wage.
- Every effort will be made to emphasize job activities which lead to the acquisition of useful skills by participants, to help them obtain employment in the regular economy. Training activities will be a regular component of most job placements.

The development of this job program is clearly a substantial undertaking requiring close cooperation of all levels of government. I am confident it will succeed. Thousands of unmet needs for public goods and services exist in our country. Through an imaginative program of job creation we can insure that the goals of human development and community development are approached simultaneously. Public service jobs will be created in areas such as public safety, recreational facilities and programs, facilities for the handicapped, environmental monitoring, child care, waste treatment and

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recycling, clean-up and pest and insect control, home services for the elderly and ill, weatherization of homes and buildings and other energy-saving activities, teachers' aides and other paraprofessionals in schools, school facilities improvements, and cultural arts activities.

Earned Income Tax Credit

The current Earned Income Tax Credit (EITC) is an excellent mechanism to provide tax relief to the working poor. I propose to expand this concept to provide benefits to more families and provide relief to low and modest income working people hard hit by payroll tax increases, improve work incentives, and integrate the Program for Better Jobs and Income with the income tax system. The expanded EITC, which will apply to private and non-subsidized public employment, will have the following features:

- A 10% credit on earnings up to \$4,000 per year as under current law.
- A 5% credit on earnings between \$4,000 and approximately \$9,000 for a family of four (the point at which the family will become liable for federal income taxes).
- A phase-out of the credit beyond roughly \$9,000 of earnings at ten percent. The credit will provide benefits to a family of four up to \$15,600 of income.
- The credit will be paid by the Treasury Department and the maximum credit for a family of four would be well over \$600.

Work Benefit and Income Support

I propose to scrap and completely overhaul the current public assistance programs, combining them into a simplified, uniform, integrated system of cash assistance. AFDC, SSI and Food Stamps will be abolished. In their place will be a new program providing: (1) a Work Benefit for two-parent families, single people, childless couples and single parents with no child under 14, all of whom are expected to work full-time and required to accept available work; and (2) Income Support for those who are aged, blind or disabled, and for single parents of children under age 14. Single parents with children aged 7 to 14 will be required to accept part-time work which does not interfere with caring for the children, and will be expected to accept full-time work where appropriate day care is available.

These two levels of assistance are coordinated parts of a unified system which maintains incentives to work and simplifies administration.

- For those qualifying for income support the basic benefit for a family of four with no other income will be \$4,200 in 1978 dollars. Benefits will be reduced fifty cents for each dollar of earnings, phasing out completely at \$8,400 of earnings. Added benefits would accrue to those in regular private or public employment through the Earned Income Tax Credit.

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- An aged, blind, or disabled individual would receive a Federal benefit of \$2,500 and a couple would receive \$3,750 -- more than they are now receiving. That is higher than the projected SSI benefit for either group -- about \$100 higher than for a couple and \$120 higher for a single person.
- For those persons required to work who receive a Work Benefit, the basic benefit for a family of four with no other income will be \$2,300. To encourage continued work, benefits will not be reduced at all for the first \$3,800 of earnings and will thereafter be reduced by fifty cents for each dollar earned up to \$8,400. Again, the Earned Income Tax Credit will provide added benefits to persons in regular private or public employment.
- We are committed to assure that inflation will not erode the value of the benefits, and that real benefits will be increased over time as federal resources grow. To preserve flexibility in the initial transition period, however, we do not at this time propose automatic indexing of benefits or automatic increases in their real value. (The figures contained in this message expressed in 1978 dollars will be adjusted to retain their real purchasing power at the time of implementation).
- Single parent family heads will be able to deduct up to 20% of earned income up to an amount of \$150 per month to pay for child care expenses required for the parent to go to work.
- No limits are placed on the right of states to supplement these basic benefits. However, only if states adopt supplements which complement the structure and incentives of the Federal program will the Federal government share in the cost.

Eligibility rules for the Work Benefit and Income Support will be tightened to insure that the assistance goes to those who are most in need.

- To reduce error and direct assistance to those most in need, benefits will be calculated based on a retrospective accounting period, rather than on the prospective accounting period used in existing programs. The income of the applicant over the previous six-month period will determine the amount of benefits.
- The value of assets will be reviewed to insure that those with substantial bank accounts or other resources do not receive benefits. The value of certain assets will be imputed as income to the family in determining the amount of benefits.
- Eligibility has been tightened in cases where related individuals share the same household, while preserving the ability of the aged, disabled and young mothers to file for benefits separately.

more

(OVER)

State Role and Fiscal Relief for State and Local Communities

Public assistance has been a shared Federal and State responsibility for forty years. The program I propose will significantly increase Federal participation but maintain an important role for the states.

- Every State will be assured that it will save at least ten percent of its current welfare expenses in the first year of the program, with substantially increased fiscal relief thereafter.
- Every State is required to pay ten percent of the basic Federal income benefits provided to its residents except where it will exceed 90 percent of its prior welfare expenditures.
- Every State is free to supplement the basic benefits, and is eligible for Federal matching payments for supplements structured to complement and maintain the incentives of the Federal program. The Federal government will pay 75% of the first \$500 supplement and 25% of any additional supplement up to the poverty line. These State supplements will be required to follow Federal eligibility criteria to help achieve nation-wide uniformity.
- Where States supplement the income support they must also proportionally supplement the work benefit and the public service wage.
- There will be a three-year period during which states will be required to maintain a share of their current effort in order to ease the transition of those now receiving benefits. These resources must be directed to payment of the State's 10% share of the basic benefit, to supplements complementary to the basic program, and to grandfathering of existing SSI and partially grandfathering AFDC beneficiaries. The Federal government will guarantee a State that its total cost for these expenditures will not exceed 90% of current welfare costs. States can retain any amounts under the 90% requirement not actually needed for the mandated expenditures. In the second year of the program states will be required to maintain only 60% of current expenditures, in the third year, only 30%. In the fourth year, they will only be required to spend enough to meet their 10% share of the basic benefit.
- States will have the option to assist in the administration of the program. They will be able to operate the crucial intake function serving applicants, making possible effective coordination with social service programs. The Federal government will operate the data processing system, calculate benefits, and issue payments.
- The Federal government will provide a \$600 million block grant to the states to provide for emergency needs. These grants will assist the states in responding to sudden and drastic changes in family circumstances.
- The Federal government will provide 30% above the basic wage for fringe benefits and administrative costs of the jobs program, and will reimburse the states for costs of administration of the work benefit and income support program.

In the first year of this program, states and localities would receive \$2 billion in fiscal relief, while at the same time ensuring that no current SSI beneficiary receives a reduced benefit and that over 90 percent of current AFDC beneficiaries receive similar protection.

In subsequent years as current recipients leave the rolls and as the maintenance of State effort requirement declines from 90 percent to zero within 3 years, the opportunities for increased fiscal relief will grow.

Under our program for fiscal relief, states will be required to pass through their fiscal relief to municipal and county governments in full proportion to their contributions. Thus, for example, in New York State, where New York City pays 33% of the State's share, New York City would receive 33% of the State's fiscal relief or \$174 million.

Reduction of Fraud and Abuse

The few providers and recipients guilty of fraud and abuse in our welfare programs not only rob the taxpayers but cheat the vast majority of honest recipients. One of the most significant benefits of consolidation of existing cash assistance programs is the opportunity to apply sophisticated management techniques to improve their operation. The use of a central computer facility will permit more efficient processing of claims, reduce the incidence of error in calculating benefits, and facilitate the detection of fraud. No longer will people easily claim benefits in more than one jurisdiction.

We will strongly enforce current programs directed at assisting local officials in obtaining child support payments from run-away parents, as determined by judicial proceedings.

We will ensure that the Department of Health, Education, and Welfare will vigorously root out abuses and fraud in our social programs.

We will work for passage of current legislation designed to crack down on fraud and abuse in our Medicaid and Medicare Program. The administration of these programs will be a major challenge for federal and state officials. It provides a valuable opportunity to demonstrate that government can be made to work, particularly in its operation of programs which serve those in our society most in need.

Implementation

Because of the complexity of integrating the different welfare systems of the 50 states and the District of Columbia into a more unified national system, we estimate that this program will be effective in Fiscal Year 1981. Moreover, we recognize that the National Health Insurance plan which will be submitted next year must contain fundamental reform and rationalization of the Medicaid program, carefully coordinated with the structure of this proposal. However, we are anxious to achieve the swiftest implementation possible and will work with the Congress and State and local governments to accelerate this timetable if at all possible.

more

(OVER)

Given the present complex system, welfare reform inevitably involves difficult choices. Simplicity and uniformity and improved benefits for the great majority inevitably require reduction of special benefits for some who receive favored treatment now. Providing the dignity of a job to those who at present are denied work opportunities will require all the creativity and ingenuity that private business and government at all levels can bring to bear. But the effort will be worthwhile both for the individual and for the country. The Program for Better Jobs and Income stresses the fundamental American commitment to work, strengthens the family, respects the less advantaged in our society, and makes a far more efficient and effective use of our hard-earned tax dollars.

I hope the Congress will move expeditiously and pass this program early next year.

JIMMY CARTER

THE WHITE HOUSE,

August 6, 1977.

#

THE WHITE HOUSE
WASHINGTON

August 6, 1977

Stu Eizenstat -

The attached decision was made by
the Vice President.

Please notify USDA and STR.

. Rick Hutcheson

cc: Jack Watson
Z. Brzezinski

Re: Sale of Peanut Oil

THE WHITE HOUSE
WASHINGTON

	FOR STAFFING
	FOR INFORMATION
/	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

ACTION
FYI

STH - PLS NOTIFY ~~USA~~ USDA +
STR

	MONDALE
	COSTANZA
/	EIZENSTAT
	JORDAN
	LIPSHUTZ
	MOORE
	POWELL
/	WATSON
	LANCE
	SCHULTZE

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day


	ARAGON
	BOURNE
/	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	HARDEN
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LINDER
	MITCHELL
	MOE
	PETERSON
	PETTIGREW
	POSTON
	PRESS
	SCHLESINGER
	SCHNEIDERS
	STRAUSS
	VOORDE
	WARREN

THE WHITE HOUSE
WASHINGTON

4 August 1977

MEMORANDUM FOR THE VICE PRESIDENT

FROM: RICK HUTCHESON 

SUBJECT: Decision on Sale of Peanut Oil

The President has referred this issue, regarding sale of surplus CCC peanut oil, to you for decision.

THE WHITE HOUSE

WASHINGTON

July 30, 1977

MEMORANDUM TO: THE PRESIDENT

FROM: STU EIZENSTAT *Stu*
LYNN DAFT *LD*

SUBJECT: Sale of Surplus CCC
Peanut Oil

The Issue

The Commodity Credit Corporation (CCC) currently holds 180 million pounds of crude peanut oil, 140 million pounds of which are available for disposal with the remainder held as a safety margin. This is from 1975 crop peanuts and was acquired by the CCC at a cost of about 55 cents per pound. Our current policy is to make this oil available for domestic use only on a competitive bid basis. Though we have offered varying quantities for sale on a weekly basis since last December, we have received very few bids and most of these have been too far below the domestic market price (currently 24.5 cents) to accept. The last sale was on February 2nd.

Peanut Oil has a storage life of about 18 months under ideal conditions. Since this oil has been in storage a year or more, there is concern that it could go out of condition if it is not moved soon.

India has expressed a strong interest in buying essentially all the peanut oil CCC has for sale. India wants to buy the oil as part of their policy of holding down the price of essential commodities, especially those consumed by the poor. Due to a below average peanut crop in India last year, peanut oil suppliers are tight and prices have risen sharply. India is willing to pay the world market price for this purchase around 40 to 45 cents per pound.

The Disagreement

The USDA wants to make the sale to India and argues that it would: (a) minimize U.S. budget costs; (b) help people in need in India; (c) be a one-time transaction with the expectation that no additional oil will be accumulated; and (d) that the sale would not be in violation of the GATT.

The STR opposes the sale on grounds that it would place the U.S. in violation of a recent bilateral agreement with Brazil prohibiting the subsidized sale of oils in world markets.

State initially opposed the sale for fear it would jeopardize relations with Brazil. They have softened their objections since then, provided we emphasize that this is a one-time sale and that we have made changes in our administration of the peanut program that will avoid the re-accumulation of excess peanut oil stocks in the future.

At one point, the USDA thought they could get around the problem by offering India a package deal that would have included sales at an unsubsidized price and PL 480 concessional sales but the offer was unacceptable for political reasons internal to India.

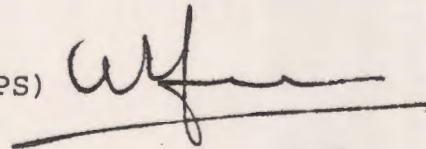
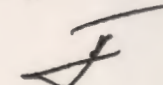
Recommendation

Though we initially sided with STR -- in part because the issue was raised just prior to the London summit -- we are now persuaded the sale should be made. Any adverse effects could be minimized through advance consultations with the Brazilian government, perhaps going so far as to request a waiver for this special transaction.

Should you have any reservations about making such a decision because of your own peanut business, despite the divestiture, you might want to defer the decision to the Vice President.

Decision

<input checked="" type="checkbox"/>	Sale approved (USDA, DPS)
<input type="checkbox"/>	Sale denied (STR)
<input checked="" type="checkbox"/>	Defer to the Vice President

THE WHITE HOUSE

WASHINGTON

*Lance will
have a comment*

Date: August 1, 1977

MEMORANDUM

FOR ACTION:

Frank Moore - *no comment*
Jack Watson *NC*
Zbig Brzezinski *concur
sale should be approved
enph to Bazar
(time sale)*

FOR INFORMATION:

The Vice President
Bob Lipshutz
Bert Lance
Bob Strauss

*see comment
attached*

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Eizenstat memo dated 7/30/77 re Sale of Surplus CCC
Peanut Oil

*ex of 8/3
1:20
will be
late comments
memo is
on way
1:40 AM*

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 12:00 NOON

DAY: Wednesday

DATE: August 3, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

THE WHITE HOUSE

WASHINGTON

July 30, 1977

MEMORANDUM TO: THE PRESIDENT

FROM: STU EIZENSTAT *Stu*
LYNN DAFT *LD*

SUBJECT: Sale of Surplus CCC
Peanut Oil

The Issue

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The Disagreement

The USDA wants to make the sale to India and argues that it would: (a) minimize U.S. budget costs; (b) help people in need in India; (c) be a one-time transaction with the expectation that no additional oil will be accumulated; and (d) that the sale would not be in violation of the GATT.

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At one point, the USDA thought they could get around the problem by offering India a package deal that would have included sales at an unsubsidized price and PL 480 concessional sales but the offer was unacceptable for political reasons internal to India.

Recommendation

Though we initially sided with STR -- in part because the issue was raised just prior to the London summit -- we are now persuaded the sale should be made. Any adverse effects could be minimized through advance consultations with the Brazilian government, perhaps going so far as to request a waiver for this special transaction.

Should you have any reservations about making such a decision because of your own peanut business, despite the divestiture, you might want to defer the decision to the Vice President.

Decision

- _____ Sale approved (USDA, DPS)
- _____ Sale denied (STR)
- _____ Defer to the Vice President

Date: August 1, 1977

MEMORANDUM

FOR ACTION:

Frank Moore
Jack Watson
Zbig Brzezinski

FOR INFORMATION:

The Vice President
Bob Lipshutz
Bert Lance
Bob Strauss

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Eizenstat memo dated 7/30/77 re Sale of Surplus CCC
Peanut Oil

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: 12:00 NOON

DAY: Wednesday

DATE: August 3, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.☐ No comment.*Please note other comments below:*

Jayne
Green
Cutler

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

August 3, 1977

MEMORANDUM FOR: RICK HUTCHESON
FROM: Randy Jayne
SUBJECT: Sale of Surplus CCC Peanut Oil

We have received an information copy of Stu Eizenstat's July 30 memo on CCC peanut oil. Although not formally asked for an OMB position, we would like to present our views to the President because of the significant budget impact.

Failure to sell the peanut oil to India would result in the loss of about \$50 million in budget receipts and might result in spoilage of some of the stocks with adverse publicity and waste. We understand STR's concern with the Brazilians, but agree with State that the adverse impact can be minimized through consultations, or perhaps by allowing Brazil to make subsidized sales of an equal amount of vegetable oil.

Accordingly, OMB recommends that USDA be authorized to sell the excess peanut oil to India.

A handwritten signature in dark ink, appearing to read "Randy", is located below the text of the memorandum.

NATIONAL SECURITY COUNCIL INFORMATION

August 3, 1977

MEMORANDUM FOR: RICK HUTCHESON

FROM: CHRISTINE DODSON *Christine*

SUBJECT: Eizenstat's Memo on Sale of Surplus
CCC Peanut Oil

The NSC concurs in the recommendations of State and Agriculture that the sale should be approved. We believe that we should, before proceeding with the sale, emphasize to the Brazilians that we envisage this as a one time sale, that we have made changes in our administration of the peanut program which should avoid the reaccumulation of excess peanut oil stock in the future, that we are doing this as part of our effort to be of assistance to the needy people of India, and that we do not consider this sale to be in violation of the GATT.

STATEMENT ON WELFARE REFORM
AUGUST 6, 1977

1

PROGRAM FOR BETTER JOBS AND INCOME

AS I PLEDGED DURING MY CAMPAIGN
FOR THE PRESIDENCY, I AM TODAY ASKING
CONGRESS TO TOTALLY SCRAP OUR EXISTING
WELFARE SYSTEM AND REPLACE IT WITH A
PROGRAM FOR BETTER JOBS AND INCOME,
WHICH WILL PROVIDE JOB OPPORTUNITIES
FOR THOSE ABLE TO WORK AND A SIMPLIFIED,
UNIFORM CASH ASSISTANCE PROGRAM FOR
THOSE UNABLE TO WORK DUE TO DISABILITY,

AGE OR FAMILY CIRCUMSTANCES.

IN MAY, AFTER ALMOST FOUR MONTHS OF INTENSIVE STUDY, I SAID THAT THE WELFARE SYSTEM WAS WORSE THAN I EXPECTED. I STAND BY THAT CONCLUSION. EACH OF THE INDIVIDUAL PROGRAMS HAS A HIGH PURPOSE AND SERVES SOME NEEDY PEOPLE; BUT TAKEN AS A WHOLE THE SYSTEM IS NEITHER RATIONAL NOR FAIR. THE WELFARE SYSTEM IS ANTI-WORK AND ANTI-FAMILY, UNFAIR TO THE POOR AND WASTEFUL OF TAXPAYERS' DOLLARS. THE DEFECTS OF THE CURRENT SYSTEM ARE CLEAR:

- IT TREATS PEOPLE DIFFERENTLY WHO HAVE SIMILAR NEEDS AND ELIGIBILITY REQUIREMENTS VARY FOR EACH PROGRAM.
- IT CREATES EXAGGERATED DIFFERENCES IN BENEFITS BASED ON WHERE PEOPLE LIVE.
- IT ENCOURAGES THE BREAKUP OF FAMILIES. IN MOST CASES TWO-PARENT FAMILIES ARE NOT ELIGIBLE FOR CASH ASSISTANCE, AND A WORKING FATHER CAN OFTEN INCREASE HIS FAMILY'S INCOME BY LEAVING HOME.

- IT DISCOURAGES WORK. IN ONE MIDWESTERN STATE, FOR EXAMPLE, A FATHER WHO LEAVES PART-TIME EMPLOYMENT PAYING \$2,400 FOR A FULL-TIME JOB PAYING \$4,800 CAN LOSE MORE THAN \$1,250.
- AT THE SAME TIME, WELL-INTENTIONED EFFORTS TO FIND JOBS FOR CURRENT RECIPIENTS HAVE FLOUNDERED.
- AND FINALLY THE COMPLEXITY OF CURRENT PROGRAMS AND REGULATIONS LEADS TO WASTE, FRAUD, RED TAPE AND ERRORS. HEW HAS RECENTLY

DISCOVERED EVEN GOVERNMENT
WORKERS UNLAWFULLY RECEIVING
BENEFITS, AND NUMBERS OF PEOPLE
RECEIVE BENEFITS IN MORE THAN
ONE COMMUNITY AT THE SAME TIME.

THERE IS NO PERFECT SOLUTION FOR
THESE DIFFICULT PROBLEMS; BUT IT IS
TIME TO BEGIN. THE WELFARE SYSTEM IS
TOO HOPELESS TO BE CURED BY MINOR
MODIFICATIONS. WE MUST MAKE A COMPLETE
AND CLEAN BREAK WITH THE PAST.

THE PROGRAM I PROPOSE DOES JUST
THAT. IT WILL PROVIDE:

-- JOBS FOR THOSE WHO NEED WORK.

- A WORK BONUS FOR THOSE WHO
WORK BUT WHOSE INCOMES ARE
INADEQUATE TO SUPPORT THEIR
FAMILIES.
- INCOME SUPPORT FOR THOSE ABLE
TO WORK PART-TIME OR WHO ARE
UNABLE TO WORK DUE TO AGE,
PHYSICAL DISABILITY OR THE
NEED TO CARE FOR CHILDREN
SIX YEARS OR AGE OR YOUNGER.
- AN EARNED INCOME TAX CREDIT
TO STRENGTHEN WORK INCENTIVES,
AND PROVIDE TAX RELIEF FOR
WORKING FAMILIES WHO HAVE

BEEN HARD HIT BY PAYROLL TAX
INCREASES.

ACCOMPLISHMENTS OF PLAN

IF ENACTED BY THE CONGRESS, THIS
NEW PROGRAM WILL:

- SIGNIFICANTLY REDUCE THE NUMBER
OF PEOPLE WHO RELY PRIMARILY
ON WELFARE PAYMENTS, BY DOUBLING
THE NUMBER OF SINGLE-PARENT
FAMILIES SUPPORTED PRIMARILY
THROUGH WORK.
- ENSURE THAT WORK WILL ALWAYS
BE MORE PROFITABLE THAN WELFARE,

AND THAT A PRIVATE OR NON-SUBSIDIZED PUBLIC JOB WILL ALWAYS BE MORE PROFITABLE THAN A SPECIAL FEDERALLY-FUNDED PUBLIC SERVICE JOB.

-- COMBINE EFFECTIVE WORK REQUIREMENTS, STRONG WORK INCENTIVES, IMPROVED PRIVATE SECTOR PLACEMENT SERVICES, AND CREATION OF UP TO 1.4 MILLION PUBLIC SERVICE JOBS. THOSE WHO CAN WORK WILL WORK, AND EVERY FAMILY WITH A FULL-TIME WORKER WILL HAVE AN INCOME SUBSTANTIALLY ABOVE THE POVERTY LINE.

- PROVIDE INCREASED BENEFITS
AND MORE SENSITIVE TREATMENT
TO THOSE MOST IN NEED.

SIMPLICITY

- ~~REDUCE COMPLEXITY~~ BY CONSOLIDATING
THE CURRENT ASSISTANCE PROGRAMS,
ALL OF WHICH HAVE DIFFERING
ELIGIBILITY REQUIREMENTS.
- PROVIDE STRONG INCENTIVES TO
KEEP FAMILIES TOGETHER RATHER
THAN TEAR THEM APART, AND
OFFERING THE DIGNITY OF USEFUL
WORK TO FAMILY HEADS.
- REDUCE FRAUD AND ERROR AND
ACCELERATE EFFORTS TO ASSURE

THAT DESERTING FATHERS MEET
THEIR OBLIGATIONS TO THEIR
FAMILIES.

-- GIVE SUBSTANTIAL FINANCIAL
RELIEF -- \$2 BILLION -- TO
HARD-PRESSED STATE AND LOCAL
GOVERNMENTS.

IN MY MAY 2, 1977 STATEMENT I
ESTABLISHED AS A GOAL THAT THE NEW
REFORMED SYSTEM INVOLVE NO HIGHER
INITIAL COST THAN THE PRESENT SYSTEM
BY MAKING THE NEW PROGRAM MORE RATIONAL
AND EFFICIENT.

THEREAFTER, SECRETARY CALIFANO OUTLINED A TENTATIVE NO-COST PLAN WHICH EMBODIED THE MAJOR REFORM WE ARE SEEKING.

IT WAS A GOOD PLAN. AFTER CAREFUL CONSULTATION WITH STATE AND LOCAL LEADERS, MEMBERS OF CONGRESS, AND MANY INTERESTED PERSONS THROUGHOUT THE COUNTRY, WE HAVE PROVIDED \$2.8 BILLION IN ADDED BENEFITS.

THE ADDITIONAL FUNDS WILL BE USED TO MAKE IMPORTANT IMPROVEMENTS IN OUR ORIGINAL PLAN:

- INCREASED FISCAL RELIEF HAS BEEN PROVIDED FOR STATES AND LOCALITIES, PARTICULARLY FOR THOSE WHICH HAVE BORNE THE GREATEST FINANCIAL BURDENS.
- INCENTIVES WHICH STRENGTHEN FAMILY TIES HAVE BEEN IMPROVED.
- A DEDUCTION FOR CHILD CARE WILL PERMIT AND ENCOURAGE SINGLE PARENTS TO TAKE WORK WHICH WILL LIFT THEM OUT OF POVERTY.
- UP TO 300,000 ADDITIONAL PART-TIME JOBS HAVE BEEN

ADDED FOR SINGLE-PARENT FAMILIES WITH SCHOOL AGE CHILDREN (IF ADEQUATE DAY CARE IS AVAILABLE, SUCH PARENTS WILL BE EXPECTED TO ACCEPT FULL-TIME JOBS).

-- AND THE EARNED INCOME TAX CREDIT IN THE TAX CODE HAS BEEN EXPANDED TO PROVIDE TAX RELIEF FOR MANY WHO RECEIVE NO INCOME ASSISTANCE, WORK, AND HAVE BEEN HARD HIT BY PAYROLL TAX INCREASES.

WITH THESE IMPROVEMENTS THE
~~EMPLOYMENT AND INCOME OPPORTUNITY~~
PROGRAM WILL HELP TURN LOW INCOME

AMERICANS AWAY FROM WELFARE DEPENDENCE
WITH A SYSTEM THAT IS FAIR, AND
FUNDAMENTALLY BASED ON WORK FOR THOSE
WHO CAN AND SHOULD WORK.

THE PROGRAM FOR BETTER JOBS AND
INCOME STRESSES THE FUNDAMENTAL
AMERICAN COMMITMENT TO WORK, STRENGTHENS
THE FAMILY, RESPECTS THE LESS ADVANTAGED
IN OUR SOCIETY, AND MAKES A FAR MORE
EFFICIENT AND EFFECTIVE USE OF OUR
HARD-EARNED TAX DOLLARS.

WES PIPPERT

JOE CALIFANO
RAY MARSHALL
TIP O'NEILL

Electrostatic Copy Made
for Preservation Purposes